PRESS RELEASE

ASCOPIAVE: The Board of Directors approved the results for 1H11.
Strong growth was registered in operating margins, while there was a drop in profits, affected by the rise in taxes due as a result of the higher rates of income tax introduced by the recent measures adopted by the government.

- **Consolidated revenue: Euro 486.3 million (+7.1% on the first half of 2010)**
- **EBITDA: Euro 54.9 million (+28.7%)**
- **EBIT: Euro 42.1 million (+31.4%)**
- **Consolidated net profit: Euro 16.7 million (-20.6%)**
- **Net Financial Position: Euro 93.8 million.**
- **The debt/net equity ratio (0.25 at 30 June 2011) is still one of the best in the segment.**

The Board of Directors of Ascopiave S.p.A met today, chaired by Mr. Fulvio Zugno, to review and approve the Interim Report of Ascopiave Group at 30 June 2011.

Ascopiave Group's consolidated results at 30 June 2011

Revenue from sales

Ascopiave Group closed 1H11 with consolidated revenue of € 486.3 million, compared to € 453.9 million of the same period of 2010 (+7.1%). The increase in turnover was mainly due to the enlarged scope of consolidation of the Group (€ +39.1 million) and to the development of electrical energy sales (€ +13.7 million). As far as the sales of natural gas are concerned, the decrease in revenue on gas trading and sale activities as a wholesaler (€ -34.1 million) was largely offset by the increase in revenue from sales to the end market (€ +12.8 million).
Compared to 1H10, the scope of consolidation was enlarged to include both Unigas Distribuzione S.r.l., a company operating in gas distribution and consolidated proportionally (48.86%), Blue Meta S.r.l., a company mainly operating in the sale of natural gas and consolidated on a line-by-line basis, and Amgas Blu S.r.l..
Unigas Distribuzione S.r.l. and Blue Meta S.p.A., acquired at the beginning of 2011, have been consolidated starting from 1° January 2011.
The acquisition of Amgas Blu S.r.l., which mainly deals with the sale of natural gas in the municipality of Foggia, was completed on 30 June 2011, and the company has been fully consolidated from said date.

EBITDA

Compared to the first half of 2010, Ascopiave Group's EBITDA increased by € 12.2 million (+28.7%), reaching € 54.9 million.

The enlarged scope of consolidation accounted for about € 5.0 million in EBITDA, while the margin realised on a like-for-like basis was up € 7.2 million. This growth was due to an increase in markups on electrical energy and gas sales (€ +10.5 million), and an increase in revenues from gas distribution and measurement rates (€ +1.1 million), partially offset by the negative contribution of the balance of residual cost and revenue items (€ -4.0 million).

The rise in markups on gas and electricity sales was due to an increase in the specific margins, mainly brought about by an improvement in the economic conditions for the supply of gas.

The change in the contribution made by the balance between residual cost and residual revenue items was mainly due to the higher charges paid to local entities for gas distribution licences, accounting for €-1.4 million, and to higher personnel costs, totalling € -1.6 million on a like-for-like basis.

EBIT

EBIT for the first half of 2011, € 42.1 million, increased by € 10.1 million (+31.4%) compared to the first six months of 2010.

The enlarged scope of consolidation contributed to the EBIT for the period, to the tune of € 4.2 million.

Net result

The consolidated net result, € 16.7 million di Euro, was down € 4.3 million (20.6%) on the same period of the previous year, as a result of the significant increase in both net financial charges and the amount of taxes due.

Net financial charges, € 2.5 million, increased by € 3.7 million due to higher interest expenses (€ -0.8 million) – due to the general increase in interest rates and to the growth of the average financial exposure– and to the increase in losses registered by the affiliate Sinergie Italiane S.r.l. (€ -2.9 million), consolidated using the equity method.

The taxes posted to the income statement rose by € 10.7 million (86.6%) compared to 1H10, and the tax rate went from 36.8% to 57.8% as a result of the increase in non-taxable financial charges and the higher taxation rates rise introduced by the measures adopted by the government (Law Decree no. 138 of 13 August 2011).

The increase in taxes due, combined with the rise in IRES (corporate income tax) rates amounts to € 7.0 million, with € 2.4 million accounted for by higher current taxes, with further repercussions effects throughout the current FY, and € 4.6 million by one-off deferred tax payments.

Operations in 1H11

The volumes of gas sold to the end market by fully consolidated companies in 1H11 amounted to 632.9 million cubic metres, showing a 7.2% growth compared to the same period of 2010.
The decrease in volumes on the 2010 scope of consolidation (-26.9 million cubic metres, -4.6%) was more than offset by the enlarged scope (+69.7 million cubic metres).

In the first half of 2011 the 49%- or 51%-consolidated companies sold a total of 356.2 million cubic metres of gas (+3.1 million cubic metres; +0.9%).

The drop in volumes mostly affected the civil customers segment and was caused above all by the milder temperatures, which brought about a reduction in the consumption of gas for heating.

Sales activities as a wholesaler to the Virtual Exchange Point involved 333.3 million cubic metres during the period (-232.1 million cubic metres, -41.1%).

At 30 June 2011, the gas customers managed by the fully consolidated companies amounted to approximately 515,000 (this figure does not include the customers of the newly acquired company Amgas Blu S.r.l., consolidated as of 30 June 2011), while the customers of the pro-rata consolidated companies amounted to around 291,000.

As regards gas distribution activities, the gas volumes provided through the networks managed by the fully consolidated companies totalled 498.3 million cubic metres, down by 6.8% compared to the same period of the previous FY.
To these must be added the 87.9 million cubic metres distributed by the proportionally consolidated (48.86%) company Unigas Distribuzione S.r.l..
At 30 June 2011, the Group's distribution network was 8,567 kilometres long, with 965 km managed by the newly consolidated company Unigas Distribuzione S.r.l.

Investments

In 1H11 the Group realised net investments for € 62.7 million, € 43.0 million of which in corporate acquisitions (Unigas Distribuzione, Blue Meta and AMGAS Blu), and € 19.7 million of which in tangible and intangible fixed assets, mainly for the development, maintenance and upgrading of gas distribution networks and plants, the construction of photovoltaic plants and company buildings.

Indebtedness, debt/net equity ratio, debt/EBITDA ratio

The Group Net Financial Position at 30 June 2011 stood at € 93.8 million, down by € -2.2 million over the period. This was due to:

- self-financing (profit + amortisation and depreciation + allowances): € +28.2 million;
- net working capital management: € +62.8 million;
- Net investments: € -62.7 million;
- Net equity management: € -26.2 million (dividends allocated and treasury shares purchased).

At 30 June 2011 the debt/net equity ratio equalled 0.25, still one of the best in the segment.

Chairman Fulvio Zugno said: "The results obtained in the first half of 2011 are particularly positive, and will allow us to maintain a solid base for coping with the extremely negative situation affecting the economy and financial markets in general".

“The excellent performance of EBITDA has not had the obvious effect it should have had on the Consolidated Net Profit, because the measures adopted by the government have led, all else being equal, to a rise in taxes of € 7.0 million. Without such measures there would have been a € 2.7 million (12.8%) rise in Consolidated Net Profit, amounting to € 23.8, as compared to the 1H10 figure of € 21.1 million”.

“The economic results achieved – concluded Chairman Fulvio Zugno – will allow Ascopiave Group to continue to pursue its strategy of development and industrial consolidation through both internal and external lines”.

Significant events subsequent to the end of the period and business outlook

Termination of the contractual relationship with the General Manager

On 19 July 2011 the Board of Directors of ASCOPIAVE S.p.A. resolved upon the unilateral termination of the contractual relationship with the General Manager.
By means of a registered letter dated 1 August 1 August 2011, Mr. Salton challenged the legitimacy of said withdrawal from/termination of the contract and requested from the Company an indemnity payment in lieu of 12 months' notice, calculated at € 230 thousand, as well as the payment of the penalty provided for in the contract, amounting to 36 months' pay, calculated at € 840 thousand. Mr Salton also requested “compensation for the financial, professional, moral and existential damage he has suffered and continues to suffer”, calculated at € 200 thousand, adding up to a total of € 1270 thousand.

The Board of Directors, having considered the reasons that led to the termination of the contract, and with the backing of the pertinent legal advice received, believes that both the substance of the requests presented and the amounts calculated are unfounded.

As regards the distribution segment, in 2011 the Group is working on enhancing its portfolio of licenses and on agreeing, together with the licensing entities, on a definition of the industrial value of the networks and distribution systems, as well as taking part in tenders for the acquisition of new contracts. The stability of profits from distribution activities depends on the certainty of regulation, and from this point of view, today there appears to be nothing to prevent the Group from at least equally the pre-tax results achieved in 2010, also thanks to the enlarged scope of consolidation related to the newly purchased company Unigas Distribuzione S.r.l..

As regards sales, the results for 2011, given the competitive conditions that can currently be forecasted and the regulatory framework currently in place, are expected to be positive, thanks to the favourable supply conditions for the current thermal year (which will end on 30 September 2011) and to the renewal of contracts currently being negotiated; this should allow the Group to end 2011 – provided that the weather conditions remain normal and that consumption remains the same – with profit levels that are at least in line with those for 2010, also thanks to the enlarged scope of consolidation related to the newly purchased company Blue Meta S.p.A..

The effective results for 2011 may differ from those announced, as a result of a number of factors, such as: changes in gas supply, demand and prices, effective operating performance, general macroeconomic conditions, the impact of regulations in the field of energy and the environment, the success in the development and application of new technologies, changes in the expectations of stakeholders and other changes in business conditions.

For further details on the information provided, please see the consolidated Interim Report at 30 June 2011 published today on the website of Ascopiave S.p.a..

Seasonal nature of business

The consumption of gas varies considerably according to the season, with demand being higher in the winter due to the increase in use for heating. Gas sales revenues and gas supply costs vary from season to season, while other management costs for the Group remain stable throughout the year. The seasonal nature of the business also influences the Group's net financial position, because the accounts receivable and accounts payable invoicing cycles are not aligned with one another, and also depend on the volumes of gas sold and purchased during the year. Therefore, the figures and the information contained in the interim accounting schedules do not allow for immediate indications to be drawn regarding the overall performance for the year.

Statement by the Appointed Executive

Pursuant to paragraph 2 of article 154 bis of the Consolidated Finance Law, the Executive appointed to draft corporate accounts, Mr. Cristiano Belliato, stated that the accounting information herein contained tallies with the company's documentary evidence, ledgers and accounts.

Annexes

Consolidated accounting schedules, subject to limited audit.

Ascopiave Group operates in the natural gas sector, chiefly in distribution and sale to end customers.
In terms of both customer base and quantities of gas sold Ascopiave is currently one of the leading national players in the gas sector.

The Group holds direct licences and consignments to manage its distribution activity in more than 200 municipalities, serving a pool of users of more than 1 million residents, through a distribution network which extends over 8,000 kilometres.

Natural gas is sold through several companies: some of them are subsidiaries in which the Group is the majority shareholder, while in others the Group holds a 49% and 51% interest and joint control with the other shareholders. In total, the subsidiaries provide gas to about 850,000 end clients.
Thanks to its leading role on the market, the Group has been operating as a gas wholesaler and trader since 2007.

Ascopiave has been listed on the STAR division of the Italian Stock Exchange since 12 December 2006.

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Pieve di Soligo, 29 August 2011

Consolidated equity and financial position at 30 June 2011

(€/000)		30.06.2011	31.12.2010
ASSETS			
Non-current assets			
Goodwill	(1)	115,894	91,896
Other intangible fixed assets	(2)	343,948	318,870
Tangible fixed assets	(3)	51,878	43,814
Equity investments	(4)	1	1
Other non-current assets	(5)	6,977	4,472
Deferred tax assets	(6)	14,890	11,660
Non-current assets		**533,588**	**470,712**
Current assets			
Inventories	(7)	6,256	4,249
Trade receivables	(8)	152,295	229,806
Other current assets	(9)	69,840	26,471
Current financial assets	(10)	16,770	4,088
Tax assets	(11)	951	610
Cash and cash equivalents	(12)	33,286	23,313
Current assets		**279,399**	**288,538**
Assets		**812,986**	**759,250**
LIABILITIES AND NET EQUITY			
Total net equity			
Share capital		234,412	234,412
Reserves		116,062	109,949
Group result for the year		15,368	31,174
Group net equity		**365,842**	**375,535**
Minority net equity		**4,085**	**3,866**
Total net equity	(13)	**369,927**	**379,400**
Non-current liabilities			
Provisions for liabilities and charges	(14)	7,395	3,622
Employee severance indemnity	(15)	3,630	2,870
Medium and long-term loans	(16)	43,268	5,529
Other non-current liabilities	(17)	16,544	15,044
Non-current financial liabilities	(18)	671	697
Deferred tax liabilities	(19)	35,425	25,989
Non-current liabilities		**106,932**	**53,751**
Current liabilities			
Payables to banks and loans	(20)	87,206	112,887
Trade payables	(21)	114,661	166,079
Tax liabilities	(22)	7,952	3,722
Other current liabilities	(23)	113,558	39,127
Current financial liabilities	(24)	12,750	4,283
Current liabilities		**336,127**	**326,098**
Liabilities		**443,060**	**379,849**
Liabilities and net equity		**812,986**	**759,250**

Overall consolidated income statement

(€/000)		1H11	1H10
Value of production	(25)	**486,334**	**453,947**
Total operating costs		**434,915**	**413,497**
Costs for purchase of raw materials – Gas	(26)	318,530	327,926
Costs for purchase of raw materials - Other	(27)	32,821	24,312
Costs for services	(28)	61,680	43,306
Personnel costs	(29)	12,662	10,309
Other operating costs	(30)	9,686	7,720
Other income	(31)	463	76
Amortisation and depreciation	(32)	9,288	8,381
EBIT		**42,131**	**32,069**
Financial income	(33)	738	434
Financial charges	(33)	2,053	931
Affiliates carried at equity	(33)	(1,147)	1,784
Pre-tax profit		**39,669**	**33,356**
Taxes for the period	(34)	22,928	12,276
Result for the period		**16,741**	**21,079**
Group result for the year		15,368	20,210
Minority result for the period		1,374	869
Statement of comprehensive income			
Net change in reserves for affiliates carried at equity		(2.564)	(22)
Result of statement of comprehensive income		**14,177**	**21,058**
Group overall net result		12,804	20,189
Overall minority net result		1,374	869
Basic EPS		0.07	0.09
Diluted net EPS		0.07	0.09

Consolidated cash flow statement

		First half of 2011	First half of 2010
Group net profit for the period		**15,368**	**20,210**
Cash flow from operations			
Adjustments to reconcile net profit to cash and cash equivalents			
Minority interest		1,374	869
Amortisation and depreciation		9,288	8,381
Bad debts		3,503	2,239
Change in deferred/prepaid taxes		2,801	(771)
Change in employee severance indemnity		161	(8)
Net change in other provisions		(35)	(50)
Affiliates carried at equity		1,147	(1,784)
Capital gains on fixed assets disposals		(442)	0
Change in assets and liabilities:			
Inventories		(1,803)	(172)
Trade receivables		99,006	44,391
Other current assets		(40,759)	(8,742)
Tax assets and liabilities		3,423	2,552
Trade payables		(69,973)	(54,827)
Other current liabilities		65,464	63,542
Other non-current assets		(428)	256
Other non-current liabilities		474	504
Total adjustments and changes		73,199	56,381
Cash flow from operations		**88,567**	**76,591**
Cash flows used from investment activities			
Investments in intangible fixed assets		(12,201)	(7,554)
Disposal of intangible fixed assets		177	196
Investments in tangible fixed assets		(7,841)	(8,312)
Disposal of tangible fixed assets		162	113
Companies acquired net of cash and cash equivalents acquired		(31.720)	(204)
Other changes in net equity		444	(11)
Cash flows used from investment activities		**(50,979)**	**(15,770)**
Cash flow generated from (used by) financial activities			
Net change in payables to other lenders		(7,833)	(25)
Net change in short-term loans – banks		(32,131)	(29,355)
Net change in loans to affiliates		3,342	(3,953)
Treasury shares purchased		0	(900)
Net change in medium and long-term loans		33,190	(53)
Dividends paid to Ascopiave S.p.A. shareholders		(22,557)	(20,349)
Dividends paid to minority shareholders		(1,626)	(642)
Cash flow generated from (used by) financial activities		**(27,616)**	**(55,278)**
Change in cash and cash equivalents		**9,973**	**5,544**
Opening cash and cash equivalents		**23,313**	**20,842**
Closing cash and cash equivalents		**33,286**	**26,385**

Additional information		First half of 2011	First half of 2010
Interest paid		1,886	898
Taxes paid		3,067	1,670

Changes in consolidated net equity

(€/000)	Share capital	Legal reserve	Treasury shares	Other reserves	Profit / loss for the period	Group net equity	Result and minority net equity	Total net equity
Balance at 01/01/2011	**234,412**	**46,882**	**(13,073)**	**76,140**	**31,173**	**375,534**	**3,866**	**379,401**
Result for the period					15,368	15,368	1,374	16,741
Reserve for affiliates carried at equity				(2,564)		(2,564)		(2,564)
Total result of statement of comprehensive income				**(2,564)**	**15,368**	**12,804**	**1,374**	**14,177**
Allocation of 2010 result				31,173	(31,173)	(0)		(0)
Dividends paid to Ascopiave S.p.A. shareholders				(22,557)		(22,557)		(22,557)
Dividends paid to minority shareholders						(0)	(1,626)	(1,626)
Changes in the scope of consolidation.						(0)	472	472
Other changes				60		60		60
Balance at 30/06/2011	**234,412**	**46,882**	**(13,073)**	**82,252**	**15,368**	**365,841**	**4,085**	**369,927**

Breakdown	Share capital	Legal reserve	Treasury shares	Other reserves	Profit / loss for the period	Group net equity	Result and minority net equity	Total net equity
Balance at 01/01/2010	**234,412**	**46,882**	**(11,747)**	**72,410**	**25,288**	**367,245**	**2,851**	**370,096**
Result for the period					20,210	20,210	869	21,079
Reserve for affiliates carried at equity				(22)		(22)		(22)
Total result of statement of comprehensive income				**(22)**	**20,210**	**20,189**	**869**	**21,058**
Allocation of 2009 result				25,288	(25,288)	(0)		(0)
Dividends paid to Ascopiave S.p.A. shareholders				(20,349)		(20,349)		(20,349)
Dividends paid to minority shareholders						(0)	(642)	(642)
Purchase of and adjustments to treasury shares			(900)			(900)		(900)
Other changes				(10)		(10)		(10)
Balance at 30/06/2010	**234,412**	**46,882**	**(12,647)**	**77,317**	**20,210**	**366,174**	**3,078**	**369,252**